GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4156
ANSWERED ON:23.03.2001
AMENDMENT TO SEBI ACT, 1996
V. SAROJA

Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to amend the Securities and Exchange Board of India Act, 1996 witha view to incorporating `default by companies` in their disclosure requirements; and

(b) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) & (b) Government intends to propose legislative changes in the Securities and Exchange Board of IndiaAct, 1992 to strengthen the provisions for investor protection.

The Standing Committee on Finance, in their 8th Report, have recommended, inter alia, that disclosurerequirements should be amended to provide that in case any promoter who diverted funds happens to be on the Board of Directors of other companies, which access the capital market for raising equity and/or debt, such a fact should be mentioned in the prospectus and offer documents. SEBI has intimated that necessary steps are being taken to implement this recommendation of the standing committee.